DN 10 LIBYA

E

Department of State TELEGRAM

165

CONFIDENTIAL 822

PAGE 01 TRIPOL 02198 010825Z

EXCISE

11 30 71 Tripoli 2198

10
ACTION AF-13

INFO OCT-01 ARA-08 EA-11 EUR-14 NEA-09 RSC-01 CIAE-00
DODE-00 PM-06 H-02 INR-06 L-03 NSAE-00 NSC-10 P-03
PRS-01 SS-14 USIA-12 E-11 TRSE-00 COM-08 INT-06 OEP-01
OPIC-12 CIEP-01 OMB-01 RSR-01 /155 W
086000

R 301514Z NOV 71
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 8270
INFO USINT ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMEMBASSY BONN
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMCONSUL DJAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMEMBASSY TUNIS
AMEMBASSY VIENNA
USEC BRUSSELS 104
USMISSION OECD

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 6/22/87
PORTIONS DENIED AS INDICATED

C O N F I D E N T I A L TRIPOLI 2198

SUBJ: OIL COMPANIES' CHALLENGE TO LIBYAN FOREIGN EXCHANGE RULING

1. SUMMARY: LONDON WORKING GROUP HAS NOW RECOMMENDED THAT ESSO TAKE AMOUNT OF LARG'S ATTACHMENT AS A DEDUCTION FROM NOVEMBER PAYMENTS AND [redacted] B4

(2)

CONFIDENTIAL

3

[redacted] IN TWO OTHER DECISIONS, WORKING GROUP AGREED TO RECOMMEND THAT CERTAIN LIBYAN PRODUCING COMPANIES, APPARENTLY TARGETS UNDER ARTICLE 22(B) OF THE LIBYAN PETROLEUM LAW, PROTEST UNILETERAL APPLICATION OF THIS PROVISION AND THAT OCCIDENTAL PROTEST MINISTRY OF PETROLEUM LETTER DESCRIBED REFTEL AT THE SAME TIME IT REFUSES TO MAKE ADDITIONAL PAYMENTS. END SUMMARY.

2. [redacted] RETURNED FROM LONDON WORKING GROUP MEETINGS NOV 29 AND GAVE AMBASSADOR MORNING NOV 30 RUNDOWN OF MAJOR TOPICS DISCUSSED THERE. B4

3. AFTER CONSIDERABLE SOUL-SEARCHING, [redacted] IT WAS DECIDED COMPANY WOULD DEDUCT FROM NOVEMBER PAYMENTS TO LARG AMOUNT THAT HAD BEEN ATTACHED FROM ITS BANK ACCOUNT IN OCTOBER. OTHER COMPANIES WILL CONTINUE REFUSE TO PAY AT RATE COMPUTED BY LARG. B4

4. [redacted] B4

5. BECAUSE B-P AND ONE OR TWO OF SMALLER OPERATORS IN LIBYA HAVE BEEN TOLD MINISTRY IS KEEPING LIST OF INFRACTIONS AGAINST ARTICLE 22(B) OF THE PETROLEUM LAW, WHICH PROVIDES FOR FINES IN CASES OF MALPRACTICE AGAINST GOOD CONSERVATION POLICIES AND OIL FIELD MANAGEMENT, LONDON WORKING GROUP AGREED THAT THESE COMPANIES WOULD PROTEST THE UNILATERAL AND UNFAIR APPLICATION OF THIS PROVISION. [redacted] B4

6. LASTLY, IT WAS RECOMMENDED THAT OCCIDENTAL MAKE ITS NOVEMBER PAYMENTS AS USUAL, EXPLAINING TO MINISTER OF PETROLEUM MABRUK, VERBALLY AND IN WRITING IF NECESSARY: (A) WHY COMPANY DECLINED TO MAKE ADDITIONAL PAYMENTS, AND (B) WHY ITS CONCESSION AGREEMENT COULD NOT LEGALLY BE REVOKED UNDER CLAUSE 27 OF THE CONCESSION BY FAILURE TO ACCEDE TO THE LARG'S DEMANDS FOR INCREASED PAYMENTS.

7. [redacted] BY

8. AS OF TEN THIRTY NOV 30, ESSO, MOBIL AND CONTINENTAL HAD ALL MADE THEIR NOVEMBER PAYMENTS AND THESE HAD BEEN ACCEPTED AT THE MINISTRY OF PETROLEUM WITHOUT COMMENT.
PALMER